



# **Wetland Bank Program 2013 Request for Proposals Applicant Information Sheet**

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## **What is it?**

The Minnesota Board of Water and Soil Resources (BWSR) has available funds to restore wetlands and their adjacent uplands to generate wetland credits for wetland mitigation banking. Credits will be used to offset wetland impacts resulting from qualifying road improvement/rehabilitation projects in Minnesota. One method that BWSR uses to generate credits is to solicit proposals from applicants (landowners, consultants, local governments, non-profits, other agencies, etc.) who propose to develop a wetland bank and sell the credits to BWSR at a specified price per credit.

## **Who can participate?**

Any person or entity with the land ownership rights or interests to complete a wetland restoration project can submit a proposal. The landowner of a particular project location is not required to be the applicant, but the applicant must have a legal interest in the property such as a partnership or agreement with the landowner to apply for and conduct the project on the land. Typically the services of professionals (engineer, vegetation specialist, biologist, etc.) are needed to design the project and complete the application materials. In addition to landowners, potential applicants could be consultants, local governments, non-profits, other agencies, or private/public partnerships. BWSR is open to proposals that include sharing of credits with other entities, projects that dovetail with other conservation projects, and other creative partnerships that maximize public value.

## **What type of projects are eligible?**

Projects must involve the restoration of former wetlands or existing degraded wetlands. Credit generation for these types of projects would likely come from one or more of subparts 2 thru 5 in Wetland Conservation Act (WCA) rules 8420.0526 (<http://www.bwsr.state.mn.us/wetlands/wca/CH8420-August2009.pdf>). All projects will have to meet standard wetland replacement and banking requirements in the WCA rule including the recording of a conservation easement over the bank plan area. Applicants should be cognizant of factors that may affect the ability to record a conservation easement, including:

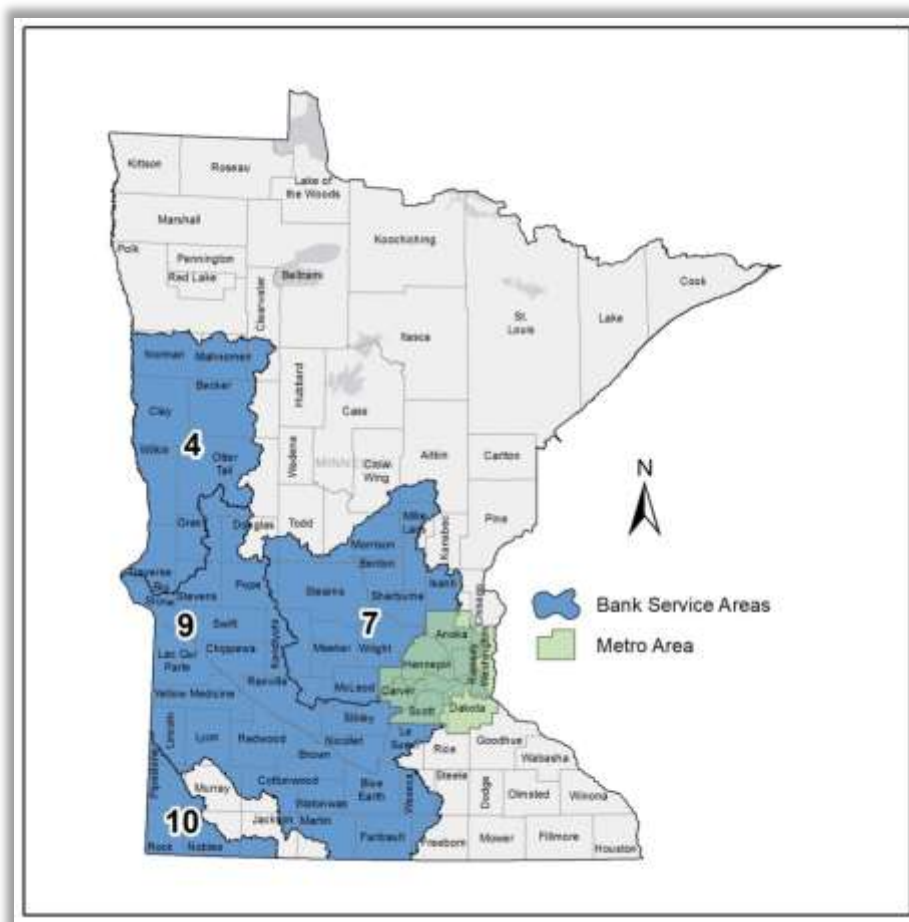
- legal ownership issues (in foreclosure, entangled in a divorce settlement or probate, etc.),
- conflicting easements or legal agreements (mineral rights, wind towers, etc.),
- restorations that have the potential to adversely affect adjacent lands.

Note that approved banking projects already in progress are eligible as long as the required conservation easement has not yet been recorded on the property. Public funds designated for conservation uses cannot be used for these wetland banking projects, however, banking projects can be used to complement and enhance other conservation efforts.

## **Does project location matter?**

Yes, BWSR is restricting proposals to (in descending priority order): the seven-county metro area and Wetland Bank Service Areas (BSAs) 4, 7, 9, and 10 (see map below). This includes all or portions of the following counties: Aitkin, Anoka, Becker, Benton, Big Stone, Blue Earth, Brown, Carver, Clay, Clearwater, Cottonwood, Crow Wing, Dakota, Douglas, Faribault, Freeborn, Grant, Hennepin, Isanti, Jackson, Kanabec, Kandiyohi, Lac qui Parle, Le Sueur, Lincoln, Lyon, Mahnommen, Martin, McLeod, Meeker, Mille Lacs, Morrison, Murray, Nicollet, Nobles, Norman, Otter Tail, Pipestone, Pope, Ramsey, Redwood, Renville, Rice, Rock, Scott,

Sherburne, Sibley, Stearns, Steele, Stevens, Swift, Todd, Traverse, Waseca, Washington, Watonwan, Wilkin, Wright, and Yellow Medicine. You can determine if a site is in one of these areas by using the “Wetland Banking Interactive Web Map” at <http://maps.bwsr.state.mn.us/banking/>.



### How much will BWSR pay?

There is no set minimum or maximum amount that BWSR will pay for credits. Proposals must include a price that the proposer is offering to sell credits to BWSR for. Among submitted project proposals that meet minimum eligibility requirements, BWSR will maximize credit acquisition with available funds. Applicants should take into account known credit sales data from recent transactions in developing a proposal.

### How many projects will be selected for the program?

BWSR has approximately \$2.1M of available funding for this proposal request. However, it is not possible to know exactly how many projects will be selected because we cannot reasonably predict the size, scope, and credit price of potential project proposals. Based on similar request for proposal efforts in the past, approximately half a dozen funded projects are expected.

### What criteria will BWSR use to select projects?

Projects will be reviewed in light of the following criteria:

- Price per credit
- Functional benefit for the watershed (i.e. functional lift)

- Wetland type in terms of rarity - extra consideration for projects that would restore wetlands that are particularly rare or rarely restored once impacted.
- Potential for success – includes such aspects as qualification of identified contractors/consultants, level of technical difficulty, potential for high cost fixes, ability to justify credit allocation amounts, etc.

In general, project proposals will be qualitatively evaluated based on these criteria with projects ranked into broad categories (high, medium, and low) by agency review team members. Final project selection will weigh the rankings for each of the four review criteria and then consider those in terms of the geographic location priority list. For project applications with similar rankings, efforts will be made to distribute selected projects evenly amongst priority areas.

### **What are the obligations of the project proposer if selected for the program?**

The successful applicant will be required to enter into a legal agreement with BWSR for the development and purchase of wetland banking credits. Under the terms of the agreement, the project proposer is obligated to:

- Obtain approval of a wetland banking plan from the WCA local government unit (LGU) and the U.S. Army Corps of Engineers (Corps) under Section 404 of the Clean Water Act.
- Sign a mitigation banking instrument (MBI) acceptable to the Corps.
- Record a wetland banking conservation easement over the bank plan area in accordance with banking program requirements.
- Implement the project in accordance with the approved bank plan and apply for credits accordingly.
- Complete required annual monitoring and associated reports.

BWSR is obligated to pay in accordance with the payment terms of the agreement (see following section).

### **What is the payment schedule for selected projects?**

For project proposals that are selected for the program, an agreement between BWSR and the project proposer will be developed that clarifies anticipated credits, price per credit, general contract obligations, and payment schedule. The payment schedule will be as follows:

<b>Payment Type</b>	<b>Payment Trigger</b>	<b>Payment Amount</b>
Initial payment	WCA bank plan approval, completion of Corps MBI and recording of conservation easement.	15% of total contract amount (based on total anticipated credits and credit price) not to exceed \$40000.
1 <sup>st</sup> credit deposit	Construction and initial seeding certified by LGU and typical 15% deposit.	Amount required to bring total payment amount equal to 15% of contract amount plus \$10000.
Annual monitoring reports	Submission of required annual monitoring reports.	\$3000 per report.
2 <sup>nd</sup> credit deposit	Approval of credit deposit by LGU and Corps.	Amount required to bring total payment amount equal to the value of the credits deposited thus far.
Final credit deposit	Completion of final delineation, submission of final monitoring report, approval of final credit deposit by LGU and Corps.	Total contract balance or the amount required to bring total payment amount equal to the value of the total credits deposited.

For *illustrative purposes only*, the following is an example payment scenario for a fictitious project that is anticipated to generate 40 credits at a price of \$10000 per credit for a total contract amount of \$400000:

**EXAMPLE**

Payment Type	Payment Amount	Total Paid
Initial payment	\$40000	\$40000
15% credit deposit	\$30000 (15% of \$400000 is \$60000 plus \$10000 is \$70000. \$70000 - \$40000 already paid is \$30000)	\$70000
1 <sup>st</sup> annual monitoring report	\$3000	\$73000
2 <sup>nd</sup> annual monitoring report	\$3000	\$76000
45% credit deposit	\$144000 (60% of \$400000 is \$220000. \$220000 - \$76000 already paid is \$144000)	\$220000
3 <sup>rd</sup> annual monitoring report	\$3000	\$223000
4 <sup>th</sup> annual monitoring report	\$3000	\$226000
Final delineation, monitoring report, and credit deposit	\$174000 (\$400000 - \$226000 already paid is \$174000)	\$400000

The actual payment schedule for any one project will depend on the credit release schedule associated with the approved bank plan as well as the success of the project in meeting crediting criteria at various stages of the bank development. BWSR reserves the right to negotiate a different payment schedule and terms if the project circumstances warrant it.

### How do I apply?

Application materials are available on the BWSR website

(<http://www.bwsr.state.mn.us/wetlands/index.html>). Applications for this request for proposal will be accepted March 12 to May 13, 2013.

### When will projects be selected?

BWSR has set the following review schedule dates as a goal. The number, extent, and nature of the submittals will ultimately dictate actual timing.

- May 13 – end of application period
- June 3 – initial screening complete, projects selected for further review (applicants notified)
- July 2 – final sites selected

### Further Questions?

Contact BWSR Wetland Bank Coordinator Ken Powell at [ken.powell@state.mn.us](mailto:ken.powell@state.mn.us) or 651-215-1703.